



8011-01

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86834; File No. SR-LCH SA-2019-005]

Self-Regulatory Organizations; LCH SA; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change Relating to Introduction of clearing of the new Markit iTraxx Subordinated Financials Index CDS and the related single name CDS constituents and enhancements to Wrong Way Risk margin

August 30, 2019

On August 2, 2019, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its rules to (i) introduce clearing of new Markit iTraxx Subordinated Financials Index CDS and the Related Single Name CDS Constituents (together, “Subordinated Financials”); (ii) incorporate changes to the Wrong Way Risk margin as recommended by a risk model validation; and (iii) modify the Default Fund Additional Margin (SR-LCH SA-2019-005). The proposed rule change was published for comment in the Federal Register on August 9, 2019.³ To date, the Commission has not received comments on the proposed rule change.

Section 19(b)(2) of the Act⁴ provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 86576 (Aug. 6, 2019), 84 FR 39386 (Aug. 9, 2019) (SR-LCH SA-2019-005).

⁴ 15 U.S.C. 78s(b)(2).

as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day from the publication of notice of filing of this proposed rule change is September 23, 2019.

The Commission is extending the 45-day time period for Commission action on the proposed rule change, in which LCH SA would introduce clearing of Subordinated Financials and make the other changes noted above. The Commission finds it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider LCH SA's proposed rule change.

Accordingly, pursuant to Section 19(b)(2)⁵ of the Act, and for the reasons discussed above, the Commission designates November 7, 2019, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-LCH SA-2019-005).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Jill M. Peterson
Assistant Secretary

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30-3(a)(31).

